



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

**Date:** 9/15/2004

**GAIN Report Number:** CA4065

## Canada

## Fresh Deciduous Fruit

## Annual

## 2004

**Approved by:**

Gary C. Groves  
U.S. Embassy

**Prepared by:**

George Myles

---

**Report Highlights:**

This report summarizes current Canadian apple and pear production prospects and highlights trade and policy developments.

---

Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Annual Report  
Ottawa [CA1]  
[CA]

**Table of Contents**

<b>Executive Summary .....</b>	<b>3</b>
<b>Section I. Situation and Outlook.....</b>	<b>4</b>
Apples .....	4
Pears .....	5
<b>Section II. Trade .....</b>	<b>6</b>
Apples .....	6
Imports .....	6
Fresh Apple Imports from the U.S., by State.....	7
Exports.....	8
Pears .....	9
Imports .....	9
Exports.....	10
<b>Section III. Consumption.....</b>	<b>11</b>
Per Capita .....	11
Prices .....	11
Apple Storage Holdings .....	11
<b>Section IV. Policy .....</b>	<b>11</b>
New Ontario Apple Board in Operation .....	11
Bulk Waivers .....	12

## Executive Summary

- The 2004 Canadian apple crop is forecast at 382,000 metric tons, only fractionally higher than the relatively poor outturn of 2003. An average Canadian pear crop of about 15,000 metric tons is expected.
- The U.S. market share of total Canadian fresh apple imports in MY2003/04 fell to 70% from 78% the previous year reflecting increased Canadian imports of fresh apples from Chile, South Africa, and China.
- The importation into Canada of fresh apples and pears from China is currently suspended by the Canadian Food Inspection Agency due to interceptions of quarantine pests.
- Reflecting the lower outturn of the 2003 crop, Canadian apple exports did poorly in MY2003/04 falling almost one-third to 41,617 metric tons.
- Almost 72% of Ontario apple producers voted in favor of developing a new, regulated marketing plan. A new organization called the Ontario Apple Growers will have the authority to negotiate the price of apples for juice with processors and levy license fees on all Ontario apple producers who own or rent 10 or more acres.

## Section I. Situation and Outlook

## Apples

Early estimates indicate that the production level of the 2004 Canadian apple crop at about 382,000 metric tons is only fractionally higher than the relatively poor outturn of 2003 (379,192 MT). It marks the second consecutive year that apple production fell far short of the 1998-2002 five-year average of 494,000 metric tons. Cool and wet conditions in Ontario and variable weather in New Brunswick and Nova Scotia reduced production potential this year. Forecast production increases for the 2004 crop in British Columbia and in Quebec, where an exceptional crop is anticipated, are expected to only partially offset the smaller crops in the other regions.

Country	Canada					
Commodity	Apples, Fresh					
	(HA)(1000 TREES)(M					
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [DA	Official [	Estimate [DA	Official [	Estimate [I
Market Year Begin	07/2002			07/2003		07/2004
Area Planted	24522	24522	23500	24522	0	23804
Area Harvested	20584	20584	20000	21600	0	21800
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	402404	402454	440000	379192	0	382000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	402404	402454	440000	379192	0	382000
TOTAL Imports	144720	144768	150000	135934	0	130000
TOTAL SUPPLY	547124	547222	590000	515126	0	512000
Domestic Fresh Consump	335250	335348	355000	313509	0	302000
Exports, Fresh Only	61874	61874	65000	41617	0	45000
For Processing	150000	150000	170000	160000	0	165000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	547124	547222	590000	515126	0	512000

## Pears

An average Canadian pear crop of about 15,000 metric tons is expected during 2004. While provincial officials indicate that Nova Scotia growers anticipate a reduced crop, producers in British Columbia report that their pear crop is progressing well.

Country Commodity	Canada					
	Pears, Fresh					
	(HA)(1000 TREES)(M					
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [DA	Official [	Estimate [DA	Official [	Estimate [I
Market Year Begin	07/2002			07/2003		07/2004
Area Planted	1522	1524	1600	1526	0	1408
Area Harvested	1342	1344	1325	1261	0	1182
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	13647	13647	15500	15232	0	15000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	13647	13647	15500	15232	0	15000
TOTAL Imports	80751	80697	82500	82500	0	85000
TOTAL SUPPLY	94398	94344	98000	97732	0	100000
Domestic Fresh Consump	84159	84105	86650	86567	0	87800
Exports, Fresh Only	239	239	350	165	0	200
For Processing	10000	10000	11000	11000	0	12000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	94398	94344	98000	97732	0	100000

## Section II. Trade

### Apples

#### Imports

Although total Canadian fresh apple imports slipped to 135,934 metric tons during MY2003/04 (6% below the previous year's level), they were almost 10% above the previous five-year average of 123,600 metric tons.

The U.S. market share of total Canadian fresh apple imports in MY2003/04 slid to 70% from 78% the previous year reflecting increased Canadian imports of fresh apples from Chile, South Africa, and China.

The importation into Canada of apples from Shaanxi province in China is currently suspended by the Canadian Food Inspection Agency (CFIA) due to interceptions of quarantine pests. In recent years, the importation of fresh apples from China has been subject to a trial importation period administered by the CFIA.

#### Canadian Fresh Apple Imports

Marketing Year, July/June

Units: metric tons

HS 0808.10

	Jul 01-Jun 02	Jul 02-Jun 03	Jul 03-Jun 04
Imports from...			
The World	122,048	144,768	135,934
United States	92,814	112,417	95,334
Chile	12,559	14,694	18,596
New Zealand	8,331	9,796	9,873
South Africa	7,214	5,725	7,412
China	4	426	3,299
France	462	894	891
Argentina	448	680	186
Brazil	-	-	67
Switzerland	15	19	65
Italy	3	16	57
All Others	199	101	154

Source: World Trade Atlas

## Fresh Apple Imports from the U.S., by State

The following table shows Canadian apple imports from the United States by major state of origin for the past three marketing years. In MY2003/04 Washington State remained the dominant supplier accounting for 82% of total. Growers in New York State complain that their efforts to increase fresh apple exports to Canada are hampered by Canadian package size regulations that restrict bulk exports of New York apples to Canada (see Policy).

Fresh Apple Imports from the U.S., by major state of origin

Marketing Year, July/June

Units: metric tons

HS 0808.10

Imports from...	Jul 01-Jun 02	Jul 02-Jun 03	Jul 03-Jun 04
From All States	92,814	112,417	95,334
Washington	79,366	90,705	78,510
California	6,932	8,861	7,226
New York	3,844	6,877	5,381
Michigan	1,067	4,076	2,518
Oregon	783	829	569
Massachusetts	253	131	522
North Carolina	280	254	232
Pennsylvania	35	68	116
All Other States	0	1	0

Source: Derived from World Trade Atlas

## Exports

Reflecting the lower outturn of the 2003 crop, Canadian apple exports did poorly in MY2003/04 falling almost one-third to 41,617 metric tons. The prospects for exports during the current season (MY2004/05) are relatively poor given the expectation of a lower than average crop.

### Canadian Fresh Apple Exports

Marketing Year, July/June

Units: metric tons

HS 0808.10

	Jul 01-Jun 02	Jul 02-Jun 03	Jul 03-Jun 04
-- The World --	59,578	61,874	41,617
United States	39,070	45,707	30,836
United Kingdom	7,207	3,864	4,051
Mexico	3,933	7,036	3,717
Iceland	183	39	1,649
Costa Rica	479	1,251	393
Taiwan	241	214	320
Trinidad & Tobago	145	47	125
Honduras	303	499	120
Dominican Republic	368	450	114
Guatemala	382	249	79
Germany	-	-	72
All Others	7	3	0

Source: World Trade Atlas



Pears

**Imports**

IN MY2003/04 the U.S. remained the top supplier of fresh pears to Canada accounting for 62% of total. In 2001 Canada adopted an interim plant health import policy to permit the importation of fresh pears from the People's Republic of China (PRC). However, similar to the case for Chinese apples, the importation into Canada of pears from Hebei and Shandong provinces in China is currently suspended by the Canadian Food Inspection Agency due to interceptions of quarantine pests.

## Canadian Fresh Pear Imports

Marketing Year, July/June

Units: metric tons

HS 0808.20

	Jul 01-Jun 02	Jul 02-Jun 03	Jul 03-Jun 04
Imports from...			
-- The World --	75,244	80,697	76,684
United States	48,517	45,813	47,412
Argentina	10,601	13,782	9,688
China	4,829	9,617	8,690
South Africa	2,739	2,649	4,034
Chile	3,089	3,039	2,145
Australia	1,844	2,073	2,122
Italy	1,132	988	884
Korea, South	1,057	1,375	622
Portugal	600	887	616
New Zealand	687	211	290
Mexico	104	80	54
All Others	0	0	0

Source: World Trade Atlas

## Exports

Canadian pear exports are relatively insignificant.

### Canadian Fresh Pear Exports

Marketing Year, July/June

Units: metric tons

HS 0808.20

	Jul 01-Jun 02	Jul 02-Jun 03	Jul 03-Jun 04
-- The World --	- 404	239	165
United States	141	203	84
China	-	19	50
Norway	-	-	13
Netherlands	-	-	6
Hong Kong	1	1	6
Taiwan	162	-	4
All Others	0	0	0

Source: World Trade Atlas

### Section III. Consumption

#### Per Capita

Canada: Per Capita Consumption of Fresh Apples and Pears

Units: kg per person (retail weight)

Year	Apples	Pears
2000	10.77	2.41
2001	10.74	2.47
2002	11.15	2.49

Statistics Canada; Canada Food Stats

#### Prices

Weekly fresh apple and pear prices on major Canadian wholesale markets and daily market prices for Toronto and Montreal are available electronically at Agriculture and Agric -Food Canada's (AAFC) InfoHort website at: [http://www.agr.ca/misb/infhort/infhort\\_e.html](http://www.agr.ca/misb/infhort/infhort_e.html)

#### Apple Storage Holdings

Agriculture and Agric -Food Canada reports that total Canadian apple storage holdings on July 1, 2004 were 27,528 metric tons, almost 30% above the year earlier level on that date of 21,415 metric tons. As noted in earlier sections of this report, a sharp decline in exports and lower domestic disappearance account for much of the increase.

Agriculture and Agric -Food Canada reports the quantity and type of apples in storage in Canada, by province. To view this data, visit the following AAFC web link: <http://www.agr.ca/misb/infhort/data/storage/appdistindex.html>

### Section IV. Policy

#### New Ontario Apple Board in Operation

In August 2004 the Apple Growers of Ontario officially came into being. The board was established by a new regulation under the Farm Products Marketing Act as a result of a vote conducted in the spring of 2003 by the provincial Farm Products Marketing Commission. Almost 72 per cent of eligible apple producers voted in favor of developing a new, regulated marketing plan. More than 65 per cent of eligible growers took part in the vote. The new marketing board will receive financial support through license fees from commercial-sized operations of 10 acres or more.

The Ontario Apple Growers will have:

- authority to negotiate the price of apples for juice with processors;
- leadership responsibility for activities related to research, promotion and education;
- a board of directors comprised of 10 elected producers;
- authority over all producers who own or rent 10 or more acres of apple trees; and
- the ability to assess and collect an annual license fee of \$20 per acre.

Apple marketers and processors will not be licensed under the marketing regulation, but will be required to co-operate with the new board by providing information on the industry and, if necessary, deduct outstanding acreage fees for the board. With an annual budget of approximately C\$320,000 to support its activities, Ontario Apple Growers will be responsible for the collection of acreage fees and any enforcement that might be required to collect these fees. The activities of the board are supervised by the Ontario Farm Products Marketing Commission.

### **Bulk Waivers**

Canada's Fresh Fruit and Vegetable Regulations, under the Canada Agricultural Products Act, only allow Canadian processors or packers to source bulk supplies (apples) from the United States or another province in Canada if domestic supplies are unavailable. Commonly referred to as Canada's "bulk waiver" requirement (or ministerial exemption), processors or packers must apply to the Canadian Food Inspection Agency (CFIA) for a special exemption to the regulations to obtain non-complying product from another province or another country. The exemptions are only granted for repacking or for processing purposes. The labeling, packaging and quality requirements may be waived, when a Ministerial Exemption is requested for processing purposes. Only the labeling and packaging requirements may be waived, when a Ministerial Exemption is requested for repacking purposes. The quality requirement continues to be dictated by import (i.e., national) or interprovincial requirements.

U.S. apple growers have long contended that the restrictions and the complex procedures that surround the application and issuance of bulk waivers are an impediment to trade and unfairly block U.S. access to Canadian fresh apple markets.

For a summary of the CFIA's general guidelines governing ministerial exemptions to Canada's Fresh Fruit and Vegetable Regulations see:

<http://www.inspection.gc.ca/english/plaveg/fresh/meguide.shtml>